



Montana Association of Counties

Serving Montana Counties Since 1909

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EXHIBIT 4

DATE 4-15-15

HB HJ 29

House Human Services Committee

April 15, 2015

RE: HJ 29 - Study membership-based health services to determine insurance, cost impacts

Mr. Chair and Members of the Committee:

On behalf of the Montana Association of Counties, we would like to request a do-pass on HJ 29.

As part of our menu of services to our members, MACo administers a Health Care Trust, which is a self-insured risk-sharing pool that provides group health benefits to county and special district employees. Over the course of the last few months, our staff, management and Board of Trustees have been dealing with the significant financial impacts to our members, for using non-network provider air ambulance services.

When a resident in rural Montana is facing a life or death situation for a loved one, families do not consider the fiscal impacts of utilizing necessary and potentially life-saving services. They should not be "price-gouged" for utilizing the only air ambulance services available at the time.

Below are two examples of this for your information. In each of these cases, a 203 mile air ambulance flight from Glendive to Billings was provided by the same out-of-state non-network provider that provides fixed wing air ambulance services in rural Montana. Under our plan, the Maximum Eligible Expense for these services by a non-network provider is 250% of the Medicare rate.

Example #1:

For your information:

- Medicare Allowable for 203 miles Fixed Wing is \$7,002.48.
- 250% of Medicare allowable for 203 miles Fixed Wing is \$17,506.20
(which is what the MACo Health Care Trust Plan pays network providers)
- "Provider in Question" for 203 miles Fixed Wing is \$46,567.00 (665% of Medicare)

Our member was charged \$46,567 for the service. Our Third Party Claims Administrator (TPA) attempted to negotiate a reasonable charge, but the provider refused. In an attempt to encourage the provider to negotiate, our TPA sent a letter to the provider outlining why their charges are unreasonable and advised that if the provider was not willing to accept a reasonable payment, that our TPA would issue the check to the member, and they would have to reach an agreement on their own. The provider's attorney responded with a letter to our TPA threatening litigation if our Plan did not pay the \$46,567 bill in full. Our TPA is still in negotiations in an attempt to ensure our member is not caused undue financial hardship by utilizing this service. If our Plan pays the provider the 250% of Medicare rate, our member will be faced with an out of pocket expense of over \$29,000.

Example #2: Our member was charged \$51,200 for the service. Again, our TPA attempted to negotiate a reasonable charge; however the provider refused and demanded payment in full. Following a third party review, our Plan ultimately paid \$18,482 based on what is considered to be 'reasonable' based on the mileage and services provided during the flight. The Provider then balanced billed our member \$32,700.

We would urge this Committee to pass HJ 29, to identify the issues and find solutions to protect the citizens of Montana from suffering undue financial hardship for the utilization of these services

MACo

April 15, 2015

House Health and Human Service Committee

Re: House Joint Resolution 29

Mr. Chair and Members of the Committee:

I am writing in order to formally share my story regarding charges related to an air ambulance service my son received from Valley Med Flight services on the night of July 29, 2014. I believe that the charges are exorbitant and excessive for the service that was rendered.

My son's flight was one of extreme necessity and was dictated by a situation that was simply out of our control. On the day of July 28th, while under the supervision of his grandmother, he fell and hit his head on a piece of furniture. This fall caused a small wound on his forehead and some nominal swelling around the injured area. He did not show any other symptoms throughout the day, and was put to bed that evening seemingly little worse for wear. However, at approximately 11:45 PM that night, he awoke screaming and crying. We entered his room to discover that he had thrown up, his head was very swollen, and he was running a very high fever. My wife immediately rushed him to the Emergency Room, where he suffered a seizure. I joined my wife in the ER and observed him undergoing a CAT scan, which was remotely analyzed by a radiologist off site. The combination of symptoms obviously left us feeling very helpless and terrified that our baby boy had suffered a brain injury.

The staff at Glendive Medical Center informed us that he would have to be flown to Billings for further observation and treatment as soon as possible. Having recently dealt with a similar incident (croup in February), we knew the general procedure and began to plan for the flight. I made contact with the proper insurance representatives for pre-authorization of the flight, and was assured the flight had been authorized. We were informed by members of the ER staff that a light was out on the main runway at the Dawson County Airport, and as such, the flight would have to come in from Williston, rather than Billings as we originally had assumed. Apparently the plane used by the Billing's team is too large to use anything but the main runway at the Dawson County Airport, while the Williston flight used a smaller plane that could land on the smaller runway. Faced with the pressing situation at hand, we did not hesitate and agreed that air transport (in any way) was needed.

Thankfully, from a medical standpoint, this story has a happy ending. Upon arriving at St. Vincent's in Billings, doctors there were able to determine that my son's fever was related directly to a viral infection, and that the seizure he had suffered was caused by that fever. There was no evidence to support any concern regarding a brain injury, and we were able to bring our little boy home the following afternoon. He made a speedy recovery and to this day continues to be a joy in our home. However, from a financial standpoint, this incident was only the beginning of what would become an enormous burden placed on our family.

Obviously we understand that any medical emergency will come with significant costs, and having been through a flight situation earlier in the year, we were prepared to see a large bill for those services. However, when we were informed of the total charges being placed by Valley Med Flight, we were appalled. The previous air ambulance charge from the February flight totaled roughly \$16,000. Valley

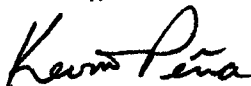
Med felt it was appropriate to charge an outrageous sum of over \$46,000, nearly three times the previous flight's cost. There is simply no logical justification for such an incredibly high charge. Valley Med's service did not cover an extremely longer flight plan, their services did not require the same level of intensive care as the previous flight, and to be honest, the level of care and attentiveness shown to our son was nowhere near the quality we saw during his first flight. To charge 300% more than a comparable flight with a greater level of care is ludicrous. Valley Med has attempted to justify this cost by stating that their "business model" demands these absurd rates because they do not receive any of the financial benefit of treating the patients as they are only responsible for transporting the individuals. Quite frankly that argument holds no water. Valley Med does not provide any additional treatment or care, so charging for work they have not done is unethical, immoral, and quite frankly bad business.

While I understand that MACO/Allegiance policy is to pay up to 250% of the Medicare costs for an air ambulance flight service, that amount covers only about 35% of the cost of the flight. Valley Med has since balance billed our family in excess of \$29,000. My wife works only part time in order to raise and care for our children, and as such, we are essentially a single income family. Valley Med's charges are equivalent to roughly 60% of my gross annual income. This is a cost we simply CANNOT afford.

We work very hard to provide a good life for our children, and we spent a great deal of time and effort to pay off my son's first set of medical bills earlier in the year. Altogether, our family has already managed to pay off nearly \$8,000 of medical debt and while that may be an accomplishment in itself, we simply cannot shoulder a burden of this magnitude. We are also willing to work with MACO/Allegiance in their pursuit of a fair settlement, and are open to contacting local and state representatives who may assist us in pushing back against this extreme level of price inflation. Please help us to move this burden and this part of our life behind us and hopefully, keep this from happening again to other families in these types of situations.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink that reads "Kevin Pena". The signature is written in a cursive, flowing style.

Kevin Pena

4-15-15

To whom it may concern,

I am writing this letter to ask you to do what needs to be done about not allowing private Air Ambulance companies to charge whatever fee amount they want to

My husband was air flown by Valley Med Flight Company from Glendive MT to Billings MT over a year ago. The Hospital never informed us a private flight ambulance would be flying him. We actually had no idea that there are private flight ambulances. Well to our surprise the flight cost was outrageous, the flight cost was 52100.00, yes I did say "fifty two thousand one hundred dollars to fly 234 miles. Our insurance company paid almost 19000.00 so that left us owing more than thirty two thousand dollars. I have talked with the company and they are willing to take a lesser amount but I have to provide my personal assets to see what I can afford to pay. We do have a settlement in place which we will pay but feel we should not have had to pay any extra

We think our insurance company paid more than a flight should cost in the first place. When you have a medical emergency that last thing you think about is how much a flight would cost. We the public need our legislators to vote on our behalf to keep the average citizen from getting gouged from private enterprisers

The changes you can make will not help in our case, but everyone including yourselves could benefit from being over charged if you make the necessary changes on this matter

Thanks for allowing me to give you my point of view on the Valley Med Flight charges we encountered

Sincerely,

Sally Bennett

Glendive MT 59330